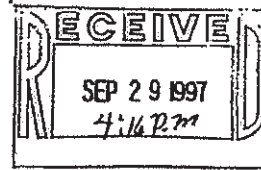


This instrument prepared by:
J. Kevin Renfro, Attorney
Marieville, Tennessee 37801



DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS
OF
DRIFTWOOD ESTATES SUBDIVISION, UNIT I

KNOW ALL MEN BY THESE PRESENTS, that this Declaration of Covenants, Restrictions and Easements ("Declaration"), is made and entered into on this 29th day of September, 1997, by MICHAEL S. GADDIS AND WIFE, AMANDA T. GADDIS, (hereinafter referred to as "Developer"):

WITNESSETH,

WHEREAS, Developer is the owner of the real property described in Article II of this Declaration known as Driftwood Estates, Subdivision, Unit I, and desires to create thereon a residential community; and

WHEREAS, Developer desires to provide for the preservation of the values in said community; and to this end desires to subject the real property described in Article II, together with such additions as may hereafter be made thereto (as provided in Article II) to the covenants, restrictions, and easements hereinafter set forth, each and all of which is and are for the benefit of said property and each Owner thereof.

NOW, THEREFORE, the Developer hereby declares that the real property described in Article II, and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, and easements hereinafter set forth.

ARTICLE I

Definitions

Section I: The following words when used in this Declaration or any supplemental declaration (unless the context shall prohibit) shall have the following meanings:

- (a) The "Properties" shall mean and refer to all such existing Properties and additions thereto, as are subject to this Declaration or any supplemental declaration under the provisions of Article II hereof.
- (b) "Lot" shall mean and refer to those plots of land shown on any recorded subdivision map of the Properties other than those plots indicated as "Tracts" within the maps.
- (c) "Tract" shall mean and refer to any plot of land designated specifically as a Tract upon any recorded subdivision map of the Properties.
- (d) "Owner" shall mean and refer to the Owner, whether one or more persons or entities of the fee simple title to any Lot or Tract situated upon the Properties, but, notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

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707 2nd Amendment See Misc. 147 pg. 6000

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REGISTER OF DEEDS BLOUNT CO. TN

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(e) "Association" shall mean and refer to the Driftwood Estates Subdivision Homeowners Association, Inc. 626

(f) "Common Properties" shall mean and refer to that area of land which the Developer proposes to convey and transfer to the Association for the common use and enjoyment of the Owners of the Property.

(g) "Member" shall mean or refer to all those Owners who are members of the Association provided in Article XXII, Section 1, hereof.

ARTICLE II

Property Subject to this Declaration: Additions

Section I - Existing Property: The real property which is and shall be held, transferred, sold and conveyed and occupied subject to this Declaration is located in Blount County, Tennessee, and is situated on Driftwood Lane and is more particularly described as being Lots 1 through 12, inclusive of Driftwood Estates Subdivision, Unit I, as shown more particularly on the map of record in Map File 1384 B in the Blount County, Tennessee, Register of Deed's Office.

Section II - Additional Land and/or Lots: Additional land and/or Lots may become subject to this Declaration by recordation of additional declarations adopting and incorporating this Declaration by specific reference is the sole discretion of the Developer at the Developer's expense. In the event that Developer elects to subject other properties to different restrictions, these restrictions shall have no relation to the new property restrictions whatsoever.

ARTICLE III

Term

The covenants and restrictions of this Declaration shall run with and bind the Lots and the Common Property and all parties and all persons claiming under them for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years each unless at the end of each successive period of time 100% of the Lot Owners elect to terminate these restrictions, said termination to be effective upon the recording of a written document evidencing such an election. Further, the covenants and restrictions of this Declaration shall run with and bind the Tracts and all parties and persons claiming under them for a term of fifty (50) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of twenty-five (25) years each unless 100% of the Lot Owners and Tract Owners elect to terminate these restrictions as to said Tracts, said termination to be effective upon the recording of a written document evidencing such an election.

ARTICLE IV

Enforcement

Any Owner shall have the right to enforce, as herein provided, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by any Owner to enforce any covenant and restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. It is further provided that should any Owner have to employ counsel to enforce

any of the restrictions, conditions, covenants, reservations, liens or charges found in the Declaration, and be successful in such prosecution, all costs incurred for such enforcement, including a reasonable fee for counsel, shall be paid by such party violating or attempting to violate the covenants herein.

ARTICLE V

Severability

If any provision as herein set forth is declared to be invalid by any court, the invalidity of such restriction shall not affect the validity of the remaining restrictions hereof, and for the purposes hereof, all restrictions as contained herein shall be deemed to be severable each from the other without qualification.

ARTICLE VI

Advisory Committee

No construction, reconstruction, remodeling, alteration or addition to any house, structure, building, outbuilding, boathouse, dock, fence, wall, driveway, or other improvement shall be constructed or undertaken without obtaining the prior written approval of the Advisory Committee as to the intended location of same and as to its plans and specifications. The Advisory Committee shall be composed of three members who shall be appointed by the undersigned Developer. Members of the Advisory Committee shall serve for a term of one year. The undersigned Developer may serve on the Advisory Committee and may serve for successive terms. The members of the Advisory Committee shall be selected each year by the Developer. At some point in the future it is contemplated that the Developer shall no longer desire to select the Advisory Committee members and it may elect to withdraw from this responsibility by giving written notice to the Owners of the Lots. Thereafter, the Owners shall hold an election to elect new members to the Advisory Committee. Each Lot Owner shall be entitled to one vote per Lot owned. As a prerequisite to consideration for such approval, and prior to the beginning of the contemplated work, the applicant must submit a complete and final set of plans and specifications with a written request for their approval. The Advisory Committee shall be the sole arbiter of same and may withhold approval for any reason, including truly aesthetic considerations. In the event the said Advisory Committee fails to approve or disapprove the plan for design, specifications, and location within thirty (30) days after they have been submitted, approval will not be required and this section will be deemed to have been fully complied with. A complete set of final plans and specifications of the house, outbuilding or boathouse to be built shall be left with the Advisory Committee during the time of construction. A plot plan or location plan showing the location of the house, outbuilding or boathouse shall also be submitted for approval before construction takes place.

For the purpose of further insuring the development of said land as a residential area of high quality and standards, and in order that all improvements on each building Lot shall present an attractive and pleasing appearance from all sides and from all points of view, the Advisory Committee has the exclusive power and discretion to control and approve all of the buildings, structures, and other improvements on each building Lot and Tract in the manner and to the extent set forth herein.

In the event the Advisory Committee rejects plans, specifications, or plot plans submitted for approval under this article, the party submitting the plans, specifications, or plot plans may make the necessary alterations to said plans or specifications and resubmit them for approval or upon written notice signed by more than two-thirds (2/3) of the Lot

Owners at the time of such request for approval stating that they desire that approval be given, the same shall be approved by the Advisory Committee. For purposes of this section, each Lot shall have one vote. Owners of multiple lots shall have multiple votes. Likewise, if the Advisory Committee shall approve a variance from the provision of this Declaration, a two-thirds (2/3) majority of the lot Owners may override such approval.

ARTICLE VII

Setback Requirements

No building shall be located on any Lot or Tract nearer to the front lot lines, side yards and rear yards than the minimum building setback lines as described in these restrictions or as may be applicable for the zoning laws of Blount County, Tennessee, whichever setback distance is greater. No building shall be located on any Lot or Tract nearer to the front line than the minimum building setback line designated for each Lot or Tract by the applicable zoning law for Blount County, Tennessee, or to the following distances, whichever is greater:

Lots 1 through 12, inclusive: 25 feet

Further, no building shall be located on any Lot or Tract nearer to the side Lot or Tract line than the minimum building side setback line designated for each Lot or Tract by the applicable zoning laws in Blount County, Tennessee, or within a distance of twenty (20) feet from the side Lot or Tract line, whichever distance is greater, said side lines being shown on the subdivision plat of record in the Blount County Register of Deed's Office.

In certain circumstances, it may be necessary in the best utilization of the specific Lot to construct a dwelling, a garage or storage building in front of the front setback line or within the side setback lines; in such a case, permission to place the structure in front or within the setback lines must first be obtained from the Advisory Committee, and after said permission is granted by the Advisory Committee, the location of said structure will no longer be a violation of the setback restriction.

ARTICLE VIII

Land Use and Building Type on Lots

Lots 1 through 12, inclusive, in said subdivision shall be known and designated as residential Lots. No structure shall be erected, altered, placed or permitted to remain on any of the said lots other than one detached, single-family dwelling, not to exceed two stories plus basement in height, with private garage or garages, except by written approval and sanction of the Advisory Committee.

Boathouses, docks and outbuildings will be permitted prior to construction of a single-family dwelling if they meet the other requirements set forth in these restrictions and are approved by the Advisory Committee.

All driveways shall be of concrete material.

Any improvements which are to be placed or constructed on any of the lots must first be approved by the Advisory Committee as to the location, size, style and materials of the improvements, as required and set forth in Article VI herein. As one criterion in the review of the placement of improvements, the Advisory Committee shall look at the proposed location of the improvements and strive to prevent the placement of

improvements in such a location as to be disruptive or aesthetically displeasing to adjoining Lot Owners.

The restrictions described under this Article VIII known as "Land Use and Building Type on Lots" are applicable to the Lots of Driftwood Estates Subdivision, Unit I.

ARTICLE IX

Dwelling Size on Lots

No dwelling shall be erected, placed, altered or permitted to remain on any Lot in this subdivision having a floor area of less square footage than 2400 square feet. In the case of a two-story home, the main floor area of the first floor shall not be less than 1800 square feet. In computing the said floor area, measurements will be made from the exterior walls and will include only finished and heated living areas and daylight or partially above-ground basement areas, but it will not include any basement area fully below ground, whether finished or unfinished, porches, carports or garages. The Advisory Committee reserves the right to modify these minimum square footage requirements in certain situations where hardship, for example, lot size or grade of land can be shown by the Lot Owners.

ARTICLE X

Signs

No signs shall be erected or maintained on any Lot or Tract, except one professionally lettered builder or realtor sign or sign of the Owner advertising the property for sale. Such signs shall not be more than six (6) square feet in size or the standard realtors sign size, whichever is less.

ARTICLE XI

Property Appearances for Lots

Trash, garbage or other waste shall not be kept, except in sanitary containers. All incinerators or equipment for the storage of such materials shall be kept in a clean and sanitary condition and shall be concealed underground or placed in such a position as to be screened from view by neighbors or members of the public.

Air conditioners, garbage cans, pool pumps and filtering systems shall be concealed from view by appropriate screening.

All fencing and walls must be attractive and consistent with the color and materials used on the house. Chain link fences are prohibited, except as permitted for a dog run; the conditions and restrictions regarding a dog run being set forth in the paragraph immediately following this paragraph. Fences or walls shall not be higher than six feet. All fences must first be approved in writing by the Advisory Committee.

Landscaping: Lots 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 shall be prohibited from placing trees or plants on their property which shall block the view of the other lots in the subdivision. This area of prohibition is shown on the map hereinabove referred to. 629

No animals, livestock, poultry, or fowl of any kind shall be raised, bred, or kept on any Lot except as follows: dogs, cats, and other household pets may be kept or

maintained provided they are not kept, bred, or maintained for commercial purposes or resale, provided no dog, cat or household pet shall be allowed to become a nuisance to the neighborhood. No more than two dogs are to be kept on any Lot. Dog runs constructed of a chain link fence shall be permitted if not greater than a size of 10 feet by 20 feet or of a similar square footage. Placement of dog runs must be approved by the Advisory Committee and shall be screened or concealed so as not to be a nuisance to adjoining property owners. The preferred manner of enclosing a dog run shall be by invisible fencing. 630

Outside clothes lines shall be placed at the rear or side of the house and concealed.

The Owner of each Lot, whether such Lot be improved or unimproved, shall keep any existing cleared areas free from tall grass, undergrowth, dead trees, dangerous dead tree limbs, weeds, trash and rubbish and shall keep such Lot at all times in a neat and attractive condition. In the event an Owner fails to comply with this restriction, the Advisory Committee may after ten (10) days written notice by registered mail to the Owner's last known address, cause the Lot to be mowed and/or put in a presentable condition.

All propane tanks shall be concealed underground and must be located within fifty (50) feet of the house which they serve and placement must be approved by the Advisory Committee. No plumbing vent shall be visible from the front street and no heating vent shall protrude to the front side of any roof. All antennas, including, but not limited to television antennas, satellite dish antennas, and radio antennas, should be placed to the rear or the side of the house and shall be located within fifty (50) feet of the house on each Lot. Placement of any antennas must first be approved in writing by the Advisory Committee. No window air conditioning unit shall be installed on the front of any house.

No structure, including but not limited to a dwelling, outbuilding, boathouse or docking facility, shall be erected or placed on any residential Lot unless built of solid, permanent materials or pleasing materials. The use of tar paper, asphalt siding, synthetic shingles or other similar materials on outside walls of any structure is expressly prohibited and all dwellings must be completely finished on the outside before they are occupied as such. Outside materials for pitch roofs shall be asphalt, shingles, or their equivalent. Storage or accessory buildings and boathouses must be of a similar or complimentary material and of a similar quality and style with regard to the main dwelling.

The exterior walls of all buildings constructed upon the lots shall be of brick, masonry, wood, stone, stucco and of a material of similar quality and/or log, and shall not be constructed of exposed concrete block or of asphalt or asbestos shingles.

No corrugated metal roofs are permitted for dwellings, boathouses or outbuildings. However, standing seam metal roofs are permitted for dwellings, boathouses and outbuildings.

Manufactured log dwellings shall be permitted if their size, appearance, and location comply with other restrictions and conditions contained herein.

There shall be no swing sets, doll houses or playground equipment of any kind erected or placed upon any Lot unless approved in advance by the Advisory Committee.

Any and all improvements which are permitted within this Article such as a dog run, a propane tank, antennas, satellite dish antennas, radio antennas, swing sets, doll houses or playground equipment must be situated to the side of or to the rear of any

residence dwelling constructed on any Lot and said improvements shall not be situated in front of the dwelling, unless written approval for the placement of said improvement is granted by the Advisory Committee. For purposes of these restrictions, the side of the residence facing toward the common easement area for ingress and egress to the Lot shall be considered the front side of the residence dwelling.

The restrictions described under this Article XI known as "Property Appearances for Lots" are applicable to the Lots of Driftwood Estates Subdivision, Unit I.

ARTICLE XII

Nuisance

No illegal, noxious, or offensive activity shall be permitted on any Lot or Tract, nor shall anything be permitted or done thereon which is or may become a nuisance or a source of embarrassment, discomfort, or annoyance to the neighborhood. No commercial activity of any kind may be conducted from a Lot or Tract. No trash, garbage, rubbish, debris, waste material, or other residue shall be deposited or allowed to accumulate or remain on any Lot or Tract.

ARTICLE XIII

Temporary Structures

No trailer, mobile home, camper, basement, garage, tent, shack, barn, or any outbuilding of any kind, even if otherwise permitted hereunder to be or remain on a building Lot or Tract, shall be used as a residence, temporarily or permanently.

ARTICLE XIV

Docks

No boathouse or dock may be erected that would block the use of any Lot Owner's dock in the development. Further, any boathouse which is constructed must not be more than one story in height and any boathouse constructed herein must have a flat roof. All docks and bathhouses must be maintained in a neat and orderly manner. All docks and bathhouses must be approved for location and property appearance by the Advisory Committee as set forth in Articles VI and XI set forth herein. All Owners must comply with any and all regulations of the Tennessee Valley Authority, the U.S. Army Corp of Engineers, and any and all other regulations applicable to waterfront use. The Developer shall construct on the common property a boat dock facility as approved by and in compliance with the rules and regulations of the Tennessee Valley Authority, the United States Corp of Engineers, the United States Coast Guard and any and other governmental regulating bodies. Until title to the common properties is conveyed to the corporation, the developer shall retain ownership and control of the boat dock facility. Once title to the properties has been conveyed to the corporation, the ownership and use of the boat dock facility on the common property shall be governed by the corporation in accordance with its articles of incorporation and by-laws.

The Developer and/or Board of Directors of the Corporation shall determine the number of boat dock slips available for private use on the common area. Use for the boat dock slips shall be executed and administered by the Developer and/or Board of Directors on behalf of the corporation. The lot owners shall pay an annual dock users fee to be determined by the developer and/or Board of Directors of the Corporation based on maintenance and operational expenses of the boat dock facility. The annual dock user fee

shall be due and payable when use first begins and due on January 31 of each year. 632

Lots 1, 2, 3, and 4 shall have access to the ramps on the Common Area, but shall not have access to the docks.

Owners in the Future Development will have the right to access the common area as shown on said plat and shall bear a pro-rata responsibility for the cost of maintenance.

Also included in items to be maintained by the property owners is a trash boom located in the cove, and is anchored at the shore line near the boundaries of Lots 3 and 4, this boom must be left in place at this location.

ARTICLE XV

Unsightliness

No abandoned cars, trucks, or other vehicles of any type shall be allowed on any Lot or Tract. No vehicle in an inoperative condition shall be kept in an area open to the view of the public or other Lot Owners for a period in excess of 30 days. In the event of violation of this item, such vehicle may be removed by the Advisory Committee at the expense of the Owner of the Lot or Tract on which the vehicle is located.

ARTICLE XVI

Maintenance Equipment

All yard maintenance equipment and other similar items shall be stored out of view of other Lot and Tract Owners.

ARTICLE XVII

Motor Homes

The owner of a Lot or Tract, if also the Owner of a motor home, travel trailer, or camping trailer, may park such motor home, travel trailer or camper on their Lot or Tract for storage purposes provided the same is not used for living purposes and provided the same is parked in such a place and manner so as not to be offensive to or any annoyance to other Lot owners and only after a single-family residence has been constructed on the Lot by the Lot Owner.

ARTICLE XVIII

Subdivision

No Lot, other than a Lot owned by the Developer, may be further subdivided in size by any device, voluntary alienation, partition, judicial sale or other proceeds or process of any kind, except for the purpose of increasing the size of another Lot. In the event two (2) or more adjacent and contiguous Lots are purchased by the same person, these Lots may be combined to form one (1) Lot subject to the approval of the Advisory Committee and the approval of governmental authority. The Lot Owner shall bear the cost of surveying or any fees related to the consummation of this transaction. However, the Developer specifically reserves the right to further subdivide any Lot it owns or recombine any Lot it owns with adjoining Properties of the Developer.

ARTICLE XIX

Utilities and Drainage

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded subdivision map. It is contemplated that Developer will place utilities underground. In the event the easements are so developed, any and all later utilities must likewise be placed underground. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities or which may change the direction of flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements. Exception is made for the building of driveways required for normal access to each subdivision Lot or Tract.

ARTICLE XX

Septic Facilities and Easements

Before any permitted dwelling on a Lot shall be occupied, a septic tank, septic field or a sewage disposal facility constructed in accordance with the requirements of the Tennessee State Board of Health shall be installed. All sewage from the Lot shall be turned into such sewage disposal facility and the same shall be continuously maintained in a proper state of sanitation by the Lot Owner. The effluent from such septic tank or sewage disposal shall not be permitted to discharge into a stream, storm sewer, open ditch, lake or drain unless first it has been passed through an absorption field approved by the public health authority; provided, that upon any approved sanitary system of sewage being installed for the use of the development, then proper connection of said premises shall be made therewith at the expense of the Lot Owner, in which event said private sewage disposal or septic tank shall be abandoned.

ARTICLE XXI

Driftwood Lane

The Developer intends to construct a roadway approximately 20 feet in width up to the first cul-de-sac and thereafter 15 feet in width, over the road right-of-way located in Driftwood Estates Subdivision, Unit I known as Driftwood Lane and as shown on Driftwood Estates Subdivision, Unit I Map of record in Map File No. 1384B in the Blount County Register of Deed's Office. In addition, the road right-of-way as depicted on said map of Driftwood Estates Subdivision, Unit I shall be used for utilities serving the Lots and Tracts in this subdivision. The Developer shall initially establish easements for ingress, egress and the installation and maintenance of utilities over Driftwood Lane by a Declaration of Easement to be executed and recorded simultaneously with this instrument. The Developer shall transfer the fee simple title to the roadway to the Driftwood Estates Homeowners Association, Inc. after the roadway is constructed and after at least 3 Lots have been sold and closed. It shall be the responsibility of all Lot Owners and Tract Owners to cut the grass for that portion of the roadway which lies in front of that respective Lot or Tract. An easement is hereby granted to the respective Lot Owners and Tract Owners over said roadway for purposes of said maintenance. The responsibility for other maintenance of the roadway shall be shared by the respective Lot Owners until the roadway is conveyed to the Association. Thereafter, the maintenance of the roadway shall be at the Association's expense. The Gate to be located on Driftwood Lane will be considered a common area and maintenance for the same shall be governed by the covenants herein.

In the event any Owner or an agent, invitee, builder or subcontractor of an Owner causes any damage to the roadway, then that Lot Owner shall be responsible for repairing the roadway to its previous condition.

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ARTICLE XXII

Membership and Voting Rights in the Association

Section 1. Membership. Every person or entity who is the Owner of a fee or undivided fee interest in any Lot shall be a Member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member. Membership shall commence on the date such person or entity becomes the Owner of a fee or undivided fee interest in the Lot.

Section 2. Voting Rights. The Association shall have two classes of voting membership.

Class A. Class A Members shall be all of those Owners as defined in Section 1 with the exception of the Developer. Class A Members shall be entitled to one vote for each Lot in which they hold the interests required for membership by Section 1. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. Class B Members shall be the Developer. The Class B Member shall be entitled to three votes for each Lot in which it holds the interest required for membership by Section 1, provided that Class B membership shall cease and become converted to Class A membership when the total votes outstanding in the Class A membership equals or exceeds the total votes outstanding in the Class B membership, at which time the Class B membership shall be determined to be a Class A membership and entitled to vote as such.

ARTICLE XXIII

Property Rights in the Common Properties

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3, every Member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Title to Common Properties. The Developer may retain the legal title to the Common Properties until such time as is set forth in Article XXI. At such time, the Developer shall convey and transfer the Common Properties to the Association.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

- (a) The right of the Association, as provided in its Articles and By-laws, to suspend the enjoyment rights of any Member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations; and
- (b) The right of the Association to charge reasonable use and maintenance fees for the use of the Common Properties; and

(c) The right of the Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority, or utility for such purposes.

ARTICLE XXIV.

Covenant for Maintenance Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Developer for each Lot owned by it within the Properties hereby covenants and each Owner of any Lot by acceptance of the deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; (2) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as may be hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the improvement and maintenance of the roadway for ingress and egress, improvement and maintenance of Common Properties, and utilities over the Common Properties, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement and addition thereto, and for the cost of labor, equipment, materials, management and supervision thereof.

Section 3. Basis and Maximum of Annual Assessments. The annual assessment shall be the amount set by the Association at its annual meeting duly called, written notice of which shall be sent to all Members at least seven (7) days in advance. The first annual assessment for the calendar year 1997 shall be an amount of \$600.00 per Lot. The Developer shall contribute a sum of money in the amount of \$500.00 as an initial capitalization of these funds, said funds to be paid by the Developer not later than December, 1997. After 1997, an annual assessment shall be the amount set by the Association at its annual meetings duly called, written notice of which shall be sent to all members at least seven (7) days in advance. For purposes of setting the Annual Assessment, the Developer shall have three votes for each Lot owned by it. Thereafter, the assessment may be increased by vote of the Members, as hereinafter provided.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of 2/3 of the votes of Members who are voting in person at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting. For purposes of setting special assessments for capital improvements, the Developer shall have three votes for each Lot owned by it. Developer shall pay no more than Six Hundred Dollars (\$600.00) per year for their combined total on lots owned.

Section 5. Change in Basis and Maximum of Annual Assessments. The Association may change the maximum and basis of the assessments fixed by Section 3 hereof prospectively for any period provided that any such change shall have the assent of

a majority of the votes of Members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting. 636

Section 6. Quorum for any Action Authorized Under Sections 3, 4 and 5. The Quorum required for any action authorized by Sections 3, 4 and 5 hereof shall be as follows:

At the first meeting called, as provided in Sections 3, 4 and 5 hereof, the presence at the meeting of Members, entitled to cast fifty (50) percent of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 3, 4, and 5, and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than forty-five (45) days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments. The Annual Assessment for each Lot shall be due in one payment being due and payable on the first day of April of each year commencing on the first such date following the closing of the sale of that Lot from the Developer. The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. Effect of Non-Payment of Assessment. Personal Obligation of the Owner. Lien. Remedies of Association. If the assessment is not paid within 30 days of the date when due (being the dates specified in Section 7 hereof), then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the property which shall bind such property in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of ten (10) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment the cost of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the Court, together with the costs of the action.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments which thereafter become due, nor from the lien of any such subsequent assessment.

Section 10. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charge and lien created herein: (a) all Properties to the extent of any easement or other interest therein; (b) all Common Properties as defined in Article I, Section 1, hereof; (c) all Properties exempted from taxation by the

laws of the State of Tennessee, upon the terms and to the extent of such legal exemption; and the Tracts as defined in Article 1, Section 1 hereof.

Notwithstanding any provisions herein, no land or improvements devoted to dwelling use shall be exempt from said assessments, charges or liens.

ARTICLE XXV

Amendment

The Advisory Committee shall have the sole right (a) to amend these covenants and restrictions, but all such amendments shall conform to the general purposes and standards of the covenants and restrictions herein contained, (b) to amend these covenants and restrictions for the purpose of curing any ambiguity or any inconsistency between the provisions contained herein, and (c) to include in any contract or deed or other instrument hereafter made any additional covenants and restrictions applicable to the said land which shall not lower the standards of the covenants and restrictions herein contained. Upon withdrawal of the Developer's appointed member from the Advisory Committee, this Declaration may be amended by a vote of one hundred percent (100%) of the Lot Owners voting in person at a meeting of all of the Lot Owners for such purpose. Such amendment shall be certified by a written instrument signed by one hundred percent (100%) of the Lot Owners and recorded in the Blount County Register's Office.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed the day and year first above written.

Michael S. Gaddis
MICHAEL S. GADDIS

Amanda T. Gaddis
AMANDA T. GADDIS

STATE OF TENNESSEE)
COUNTY OF BLOUNT)

Personally appeared before me, a Notary Public in and for said County, the within named bargainors, MICHAEL S. GADDIS AND WIFE, AMANDA T. GADDIS, with whom I am personally acquainted, and who acknowledged that they executed the within instrument for the purposes therein contained.

1997 WITNESS my hand and official seal at office this 20th day of September.



Peggy J. Stephenson
Notary Public

637

THIS INSTRUMENT WAS FILED BY ROBERT H. WOODRUFF
FIRST TENNESSEE BANK BLDG.
MEMPHIS, TENNESSEE

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MEMORANDUM OF RESTRICTIONS

WHEREAS, Michael S. Gaddis and wife, Amanda T. Gaddis, are the owners of a certain tract or parcel of property located in the 5th Civil District of Blount County, Tennessee, and containing 7.33 acres, all a shown by deed from John Goddard which is of record in the Register's Office for Blount County, Tennessee, in Book of Warranty Deeds, Vol. 624, page 590.

WHEREAS, Michael S. Gaddis and wife, Amanda T. Gaddis, are the developers of Driftwood Estates Subdivision, Unit I, as shown by map of same of record in said Register's Office in Map File 1384B; and

WHEREAS, said Driftwood Estates Subdivision, Unit I, is subject to restrictions of record in said Register's Office in Misc. Vol. 146, page 625, as amended by Amendment to Restrictions of record in said Register's Office in Misc. Vol. 147, page 300; and


WHEREAS, Article II, Section 2, of said Restrictions, as amended, provides that the developers may subject additional lands to the restrictions hereinabove referred to.

NOW THEREFORE, for and in consideration of the premises, the undersigned, pursuant to Article II, Section 2, of the Restrictions for Driftwood Estates Subdivision, Unit I, as amended, do hereby subject the 7.33 acres hereinabove referred to, to the Restrictions for Driftwood Estates Subdivision, Unit I, of record in said Register's Office in Misc. Vol. 146, page 625, as amended by Amendment to Restrictions of record in said Register's Office in Misc. Vol. 147, page 300.

IN WITNESS WHEREOF, the undersigned have set their hands and seals on this the 5th day of April, 1999.

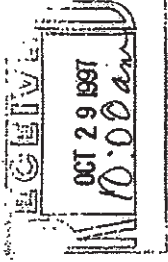
INST: 0015139403
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BEVERLEY D. WOODRUFF
REGISTER OF DEEDS BLOUNT CO. TN


Michael S. Gaddis


Amanda T. Gaddis

CTD

This instrument prepared by:
J. Kevin Renfro, Attorney
Maryville, Tennessee 37801



AMENDMENT TO
DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS
OF

DRIFTWOOD ESTATES SUBDIVISION, UNIT 1 149/300

201604 THIS AMENDMENT made and entered into on this 29th day of October, 1997, by and between MICHAEL S. GADDIS AND WIFE, AMANDA T. GADDIS, (hereinafter referred to as "Developer").

WITNESSETH,

WHEREAS, Developer is the owner of the real property described in Map File 1384B in the Register's Office for Blount County, Tennessee; and

WHEREAS, Developer has restricted said property as shown in Declaration of Covenants, Restrictions, and Easements of Driftwood Estates Subdivision, Unit 1, as more particularly described in Misc. Record Book Vol. 146, Page 625 in the Register's Office for Blount County, Tennessee; and

WHEREAS, prior to the selling of any of the lots in said subdivision, Developer desires to amend certain terms and provisions of said Declaration of Covenants, Restrictions, and Easements.

NOW THEREFORE, the Developer hereby amends the Declaration of Covenants, Restrictions, and Easements of Driftwood Estates Subdivision, Unit 1, as shown in Misc. Record Book Vol. 146, Page 625 in the Register's Office for Blount County, Tennessee as follows:

1. Article II, Section II - Additional Land and/or Lots shall be amended as follows:

The last sentence which states "In the event that Developer elects to subject other properties to different restrictions, these restrictions shall have no relation to the new property restrictions whatsoever" shall be deleted in its entirety.

Furthermore, the following sentence shall be added: "Developer shall retain an easement over all roads in the subdivision to their adjoining property. Notwithstanding any provision in these restrictions to the contrary, Developer shall pay an extra assessment equal to one lot assessment for the use of this easement."

2. Article XI - Property Appurtenances for Lots shall be amended as follows:

A new sentence after the paragraph dealing with clearing tall grass and rubbish shall be added after the sentence which states "In the event an Owner fails to comply with this restriction, the Advisory Committee may after ten (10) days written notice by registered mail to the Owner's last known address, cause the Lot to be mowed and/or put in a presentable condition." The new sentence to be added shall read as follows: "In the event said lot is mowed or put in a presentable condition and the lot owner fails or refuses to pay for said expense, a lien may be placed by the property owners association in accordance with Article XXIV for the cost associated with the upkeep of the property."

3. Article XIV - Decks shall be changed and amended as follows:

The second sentence which reads: "Further, any boathouse which is constructed must not be more than one story in height and any boathouse constructed herein must have a flat roof" shall be deleted in its entirety and the following sentence substituted in its place: "Further, any boathouse which is constructed must not be more than one level in height, with one deck on top, and any boathouse constructed herein must have a flat roof."

For 2nd Amendment see Misc. 147 pg. 600
For Memorandum de Meis. 163 pg. 638

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REGISTER OF DEEDS BLOUNT CO., TN

4. The bottom paragraph on the page under Article XIV Docks shall be amended as follows: The last full sentence which reads as follows: "The lot owners shall pay a annual dock users fee to be determined by the developer and/or Board of Directors of the Corporation based on maintenance and operational expenses of the boat dock facility" shall be deleted in its entirety. The following sentence shall be substituted in its place: "The interior lot owners shall pay a annual dock users fee to be determined by the developer and/or Board of Directors of the Corporation based on maintenance and operational expenses of the boat dock facility."

5. Article XV - Unsightliness shall be amended as follows:

The first sentence of said section which states "No abandoned cars, trucks, or other vehicles of any type shall be allowed on any Lot or Tract" shall be deleted in its entirety. The following sentence shall be added in its stead: "No abandoned cars, trucks, boats, or boat trailers, or other vehicles of any type shall be allowed on any Lot or Tract."

6. Article XXIV, Section 3 shall be amended as follows:

A new sentence which follows the final sentence of said section shall be inserted to read as follows: "Developer shall pay no more than Six Hundred Dollars (\$600.00) per year for their combined total on lots owned or more than any assessment per one lot."

7. Article XXIV, Section 4 shall be amended as follows:

The final sentence of said section which states "Developer shall pay no more than Six Hundred Dollars (\$600.00) per year for their combined total on lots owned" shall be deleted in its entirety.

8. Article XXIV, Section 8 shall be amended as follows:

After the final sentence in said paragraph, a new sentence shall be added as follows: "Furthermore, if a lot owner is delinquent in the payment of his or her assessment fee, said lot owner shall not be accorded voting privileges as contained herein."

All other terms and conditions of the Declaration of Covenants, Restrictions, and Easements of Driftwood Estates Subdivision, Unit 1, as more particularly described in Misc. Record Book Vol. 146, Page 625 in the Register's Office for Blount County, Tennessee shall remain in full force and effect and the above described amendments thereto shall be effective as of the day and date first above written.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed the day and year first above written.

Michael S. Gaddis
MICHAEL S. GADDIS

Amanda T. Gaddis
AMANDA T. GADDIS

STATE OF TENNESSEE)
COUNTY OF BLOUNT)

301

Personally appeared before me, a Notary Public in and for said County, the within named bargainors, MICHAEL S. GADDIS AND WIFE, AMANDA T. GADDIS, with whom I am personally acquainted, and who acknowledged that they executed the within instrument for the purposes therein contained.

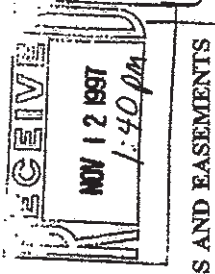
WITNESS my hand and official seal at office this 29th day of October, 1997.

James S. [Signature]

Commission Expires:



This instrument prepared by:
J. Kevin Renfro, Attorney
Maryville, Tennessee 37801



SECOND AMENDMENT TO
DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS
OF
DRIFTWOOD ESTATES SUBDIVISION, UNIT I

THIS AMENDMENT made and entered into on this 11th day of November, 1997, by and between MICHAEL S. GADDIS AND WIFE, AMANDA T. GADDIS, (hereinafter referred to as "Developer").

WITNESSETH,

WHEREAS, Developer is the owner of the real estate described in Map File 1384B in the Register's Office for Blount County, Tennessee; and

WHEREAS, Developer has restricted said property as shown in Declaration of Covenants, Restrictions, and Easements of Driftwood Estates Subdivision, Unit I, as more particularly described in Misc. Record Book Vol. 146, Page 625 in the Register's Office for Blount County, Tennessee; and

WHEREAS, Developer has amended said restrictions pursuant to Amendment of record in Misc. Record Book Vol. 147, Page 300 in the Register's Office for Blount County, Tennessee; and

WHEREAS, prior to the selling of any of the lots in said subdivision, Developer desires to further amend certain terms and provisions of said Declaration of Covenants, Restrictions, and Easements.

NOW THEREFORE, the Developer hereby amends the Declaration of Covenants, Restrictions, and Easements of Driftwood Estates Subdivision, Unit I, as shown in Misc. Record Book Vol. 146, Page 625 in the Register's Office for Blount County, Tennessee as amended in Misc. Record Book Vol. 147, Page 300 as follows:

1. Article II, Section II - Additional Land and/or Lots shall be amended as follows:

After the sentence which reads "Notwithstanding any provision in these restrictions to the contrary, Developer shall pay an extra assessment to one lot assessment for the use of this easement." The following sentence shall be added: "This includes annual and special assessments, if any."

2. Article XXIV, Section 3 shall be amended as follows:

After said final sentence in the paragraph which states "Developer shall pay no more than Six Hundred Dollars (\$600.00) per year for their combined total on lots owned or more than any assessment per one lot" the following language shall be added "whichever is greater."

All other terms and conditions of the Declaration of Covenants, Restrictions, and Easements of Driftwood Estates Subdivision, Unit I, as more particularly described in Misc. Record Book Vol. 146, Page 625 as modified in Misc. Record Book Vol. 147, Page 300 in the Register's Office for Blount County, Tennessee shall remain in full

force and effect and the above described amendments thereto shall be effective as of the day and date first above written.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed the day and year first above written.

Michael S. Gaddis
MICHAEL S. GADDIS

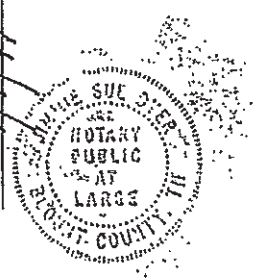
Amanda T. Gaddis
AMANDA T. GADDIS

STATE OF TENNESSEE)
COUNTY OF BLOUNT)

Personally appeared before me, a Notary Public in and for said County, the within named bargainors, MICHAEL S. GADDIS AND WIFE, AMANDA T. GADDIS, with whom I am personally acquainted, and who acknowledged that they executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal at office this 11th day of November, 1997.

My Commission Expires: 9/17/99
Jeanne Sue Steer
Notary Public



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